



ROBINSON MCFADDEN
ATTORNEYS AND COUNSELORS AT LAW

ROBINSON, MCFADDEN & MOORE, P.C.
COLUMBIA, SOUTH CAROLINA

February 8, 2010

Bonnie D. Shealy
1901 MAIN STREET, SUITE 1200
POST OFFICE BOX 944
COLUMBIA, SOUTH CAROLINA 29202

PH
(803) 779-8900
FAX
(803) 252-0724

bshealy@robinsonlaw.com

VIA ELECTRONIC FILING

Ms. Jocelyn Boyd
Acting Chief Clerk of the Commission
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, SC 29210

**Re: Application of Duke Energy Carolinas, LLC for Authorization to
Issue and Sell Securities Pursuant to S.C. Code § 58-27-1720
Docket No. 2007-338-E**

Dear Ms. Boyd:

Enclosed for filing please find the Application of Duke Energy Carolinas, LLC for authorization under pursuant to S.C. Code Section 58-27-1720 to issue and sell securities. By copy of this letter we are serving the same on the Office of Regulatory Staff. If you have any questions, please have someone on your staff contact me.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Bonnie D. Shealy

/tch
Enclosures

cc/enc: Dan F. Arnett, ORS Chief of Staff (via email & U.S. Mail)
Joseph M. Melchers, Commission Chief Counsel (via email)
Shannon Hudson, ORS Attorney (via email)
Robert T. Lucas, III, Esquire (via email)

BEFORE

**THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

Docket No. 2007-338-E

Application of Duke Energy Carolinas, LLC)
For Authorization Under Article 13, Chapter)
27 of Title 58 Of The Code Of Laws of South)
Carolina (1976, As Amended) to Issue and)
Sell Securities)

APPLICATION

Duke Energy Carolinas, LLC (the “Company” or Applicant”) hereby makes application for authorization from the Public Service Commission of South Carolina, (“Commission”) to issue and sell, from time to time, a maximum of \$2,000,000,000 aggregate principal amount of securities of the types listed herein, in the manner hereinafter described. This Application is made pursuant to Article 13, Chapter 27 of the Title 58 of the Code of Laws of South Carolina, (1975, as amended) (§ 58-27-1720) and other applicable Rules, Regulations, and Statutes. In support of this Application, the Applicant shows the Commission the following:

1. Description of the Company

The Company is a limited liability company duly organized and existing under the laws of the State of North Carolina, domesticated under the laws of the State of South Carolina to conduct business within this state. It is engaged in the business of generating, transmitting, distributing and selling electric power and energy, and is a public utility subject to the jurisdiction of this Commission. It is a public utility under the Federal Power Act, and certain of its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is a wholly owned subsidiary of Duke Energy Corporation, which is a holding

company headquartered in Charlotte, North Carolina. Duke Energy Corporation wholly owns three other electric utility subsidiaries, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc. In addition, Duke Energy owns various nonregulated energy businesses primarily in the U.S. and Latin America.

2. Notices and Communications

The names and addresses of the Company's attorneys who are authorized to receive notices and communications with respect to this application are:

Robert T. Lucas III
Associate General Counsel and Assistant Secretary
Duke Energy Carolinas, LLC
P.O. Box 1244
Charlotte, North Carolina 28201-1244
(704) 382-8152

and

Bonnie D. Shealy
Robinson, McFadden & Moore, PC
1901 Main Street, Suite 1200
Post Office Box 944
Columbia, South Carolina 29202
(803) 779-8900
BShealy@Robinsonlaw.com

3. Outstanding Debt Obligations

The Company's existing outstanding long-term debt consists of First and Refunding Mortgage Bonds, Senior Notes and Other Long-Term Debt. A schedule of all such Bonds, Notes and Other Long-Term Debt outstanding as of September 30, 2009 is attached hereto as Exhibit A. All of the outstanding First and Refunding Mortgage Bonds were issued under the terms of a First and Refunding Mortgage dated as of December 1, 1927, from the Company to The Bank of New York, as trustee, as supplemented and amended by various Supplemental Indentures

(hereafter sometimes referred to as the “Mortgage”), copies of all of which have been filed with this Commission. The Tax Exempt Bond Obligations resulted when the Company borrowed the proceeds of the sale of tax exempt pollution control or solid waste disposal revenue bonds issued by various governmental authorities pursuant to authorization granted by this Commission.

All of the Senior Notes are issued under a Senior Indenture to The Bank of New York, dated as of September 1, 1998 (the “Senior Indenture”).

The Other Long-Term Debt includes a financing arrangement utilizing commercial paper backed by a long-term credit facility as approved by this Commission in Order No. 2007-578, issued on August 23, 2007, in Docket No. 2004-141-E.

4. Description of Proposed Securities

Subject to the approval of the North Carolina Utilities Commission and this commission, the Company proposes to issue and sell from time to time a maximum of \$2,000,000,000 aggregate principal amount of all or any combination of the following (collectively, the “Proposed Securities”):

(i) Long-Term Debt Securities (“Proposed Debt Securities”)

The Proposed Debt Securities may be unsecured debt instruments or First and Refunding Mortgage Bonds.

To the extent the Proposed Debt Securities are Senior Notes, they will be created and issued under the Senior Indenture as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are Subordinated Notes, they will be created and issued under the Company’s Subordinated Indenture to the Bank of New

York, as Trustee, dated as of December 1, 1997, as heretofore supplemented or as further supplemented by a Supplemental Indenture to be executed in connection with their issuance.

To the extent the Proposed Debt Securities are the Company's First and Refunding Mortgage Bonds, they will be created and issued under the Mortgage, as heretofore supplemented and as to be further supplemented and amended by a Supplemental Indenture to be executed in connection with their issuance. They will be subject to all of the provisions of the Mortgage, as supplemented, and by virtue of said Mortgage will constitute (together with the Company's outstanding First and Refunding Mortgage Bonds) a first lien on substantially all of the Company's fixed property and franchises.

When any of the Proposed Debt Securities are issued for refunding or refinancings the Company proposes to execute the proposed transactions so that, over time, there will be no material effect on the Company's capitalization with respect to the source of funds.

The Proposed Debt Securities may also consist of debt securities subject to remarketing prior to maturity. Consistent with prior orders of the Commission, any remarketing of such securities or resetting of their interest rates prior to the scheduled maturity date would not be deemed to be a re-issuance of such securities by the Company, so as to reduce the amount of securities otherwise permitted to be issued by the Company pursuant to the terms of the Commission's order in this docket.

(ii) Tax Exempt Bond Obligations

The Company proposes to enter into agreements to borrow proceeds from the sale of tax exempt debt securities issued by one or more governmental authorities ("Tax

Exempt Bonds”), to fund construction of qualifying facilities associated with the Company’s electric generation plants (and qualifying related expenditures), to reimburse costs previously expended for such purposes, or to refund previously outstanding Tax Exempt Bonds. The Company’s obligation to repay the issuing authority may be direct, through a secured or unsecured loan agreement between it and the authority, or indirect through financing arrangements such as a letter of credit posted by a bank to secure the Company’s obligations on the Tax Exempt Bonds. The Company’s direct obligation under a loan agreement with the authority may be insured by a third party or secured by issuance of a First and Refunding Mortgage Bond or other secured instrument.

(iii) Capital Lease Obligations

The Company proposes to enter into capital lease obligations (“Capital Leases”), under which it will utilize Capital Leases as another form of financing the capital requirements discussed in Section 9 of this Application. The Capital Leases will have structures and terms similar to other forms of debt financing, but with the potential, in certain instances, to lower the overall cost of financing property acquisitions.

Capital Leases will be used to finance the acquisition of new property, including in connection with construction of new electric plant, or refinancing of existing utility property, in order to optimize the cost of financing commensurate with such property’s expected life. The property expected to be leased will consist of equipment used in the Company’s operations including, but not limited to, meters, landfill and coal yard heavy equipment, transportation equipment, turbines, transformers, water pumps, exhaust stacks, substations, computers and office equipment, and intangible property such as software and site licenses (collectively, the “Property”).

The amount financed under each Capital Lease, excluding transaction costs, is not expected to be more than the net capitalized cost of the Property or the appraised value of the Property (in the event more than the capitalized cost is financed).

In accordance with generally accepted accounting principles, the net capitalized cost of property usually includes installation, training, allowance for funds, administrative overhead and other costs capitalized in connection with acquiring and placing the property in service. Such costs are expected to be included in the Property cost financed under each Capital Lease.

To effectuate Capital Lease transactions, the Company will obtain third-party lease financing for the original purchase or refinancing of Property acquisitions, and an agreement will be executed with a financing counterparty (the “Lessor”) setting forth the terms of each Capital Lease.

As part of the consummation of a Capital Lease transaction, the Lessor will typically either (1) pay the vendor and the Company for their respective costs associated with the Property acquisition or (2) reimburse the Company for the capitalized cost of the Property, with the Company concurrently paying the vendor the invoice cost.

The Company may enter into one or more participation agreements with its affiliates and the Lessor in connection with the Capital Leases, with such agreements defining the Company’s role as principal and, as applicable, agent on behalf of its affiliates for billing and payment remittance purposes. Such arrangements will be undertaken solely for administrative efficiencies and the convenience of the parties involved and will be subject to applicable standards relating to transactions among affiliates.

At the end of each initial or renewal lease term, it is anticipated that the Company will have an option to either (a) renew each Capital Lease pursuant to arm's-length negotiation with the Lessor or other potential lessors, (b) purchase the Property, or (c) terminate the Capital Lease.

(iv) Interest Rate Management Agreements

As described in its Application for Amended Order dated July 15, 2009, in this docket (the "Amendment Application"), the Company utilizes various techniques to manage the interest costs it incurs in connection with its financial obligations. Although it is unclear whether or not such activities constitute the issuance of securities within the meaning of S.C. Code Ann. Section 58-27-1720, the Company nevertheless respectfully requests that the Commission grant it authority to utilize interest rate management techniques and enter into Interest Rate Management Agreements to manage its interest costs. As discussed in the Amendment Application, having explicit Commission authority for such agreements will allow the Company to be able to defer the mark-to-market impact of Interest Rate Management Agreements under Statement of Financial Accounting Standards 71. Such authority will allow the Company sufficient alternatives and flexibility in effectively managing interest rate risk.

Interest Rate Management Agreements will include products commonly used in today's capital markets. These products include, but are not limited to, interest rate swaps, caps, collars, floors, options, or other hedging products such as forwards or futures. The Company expects to enter into these agreements with counterparties that are highly rated financial institutions. The transactions will be for a fixed period and a stated

notional amount and may be entered into in connection with underlying fixed or variable obligations of the Company.

The Company will establish pricing for Interest Rate Management Agreements through negotiated offerings, through a competitive bidding process, or otherwise in accordance with recognized market practices.

The notional amount of any given Interest Rate Management Agreement will correspond to a current or future debt security authorized by Commission order. Therefore, entry into a given Interest Rate Management Agreement itself will not reduce the amount of “shelf” authority under such Commission order.

5. Method of Issuance and Sale

To the extent the Proposed Securities are issued and sold in one or more public offerings subject to registration under the federal securities laws, the Company will sell the Proposed Securities during the effective period of a “shelf” registration statement which the Company has filed with the Securities and Exchange Commission in connection with the registration of such securities. The Company proposes to enter into negotiations with, or request competitive proposals from, investment bankers or other financial institutions to act as agents, dealers, underwriters, or direct purchasers in connection with either the public or private offering of each issuance of Proposed Securities in accordance with the terms thereof. The Company will determine which sales method and financial institution(s) will provide the most favorable terms to the Company for any issuance and sale of the Proposed Securities.

6. Previously Granted Authority

The authority requested herein is to replenish the authority previously granted under the Commission’s Order 2008-755 in this docket, as amended by Order No. 2009-557, of which

\$1,650,000,000 has been utilized as further described in the Company's Reports of Issue and Sale in such Docket. The Company requests that the remaining authority granted in such order be terminated, and subsumed within the authority which may be granted under the Commission's order requested in this application.

7. Fees and Costs

The Company will pay no fee for services (other than attorneys, accountants, trustees and fees for similar technical services) in connection with the negotiation and consummation of the issuance and sale of any of the Proposed Securities, nor for services in securing underwriters, agents, dealers or purchasers of such securities (other than fees negotiated with such persons).

8. Use of Proceeds

Proceeds from sales of the Proposed Securities may be used for (a) the purchase or redemption of the Company's outstanding higher cost securities as hereinafter provided, (b) refunding maturing securities, (c) financing the Company's ongoing construction, as further described in Section 9 hereof (including the acquisition of nuclear fuel) or (d) the Company's general purposes, as allowed. In each case, such proceeds may be used for the repayment of short-term debt incurred for such purposes.

When the net proceeds from the sales of any of the Proposed Securities will be applied and used by the Company to purchase or redeem certain of the Company's outstanding unmatured debt securities, such sales will be made from time to time when market conditions permit the sales on terms which would result in a lower cost of money to the Company. Any premium paid on purchased or redeemed debt securities will be amortized over the life of the new securities, and the Company proposes to include the after-tax amount of such unamortized premium in Company's rate base as a component of working capital. As previously noted, the

net proceeds of any of the Proposed Securities may be applied and used by the Company to refund maturing securities, including the repayment of short-term debt incurred for that purpose. A schedule of the maturities of the Company's outstanding debt securities is provided in Exhibit A.

9. Electric Plant and Demand Growth

The Company is continuing its construction program of additions to its electric generation, transmission and distribution facilities in order to, among other things, (i) meet the long-term expected increase in demand for electric service, (ii) construct and maintain an adequate margin of reserve generating capacity, and (iii) conduct necessary replacements of major generating plants and plant components.

The Company connected approximately 33,500 new customers in 2009 and continues to incur significant capital expenditures related to expanding and replacing its transmission and distribution system.

The Company's electric energy sales for 2009 were approximately 80 million megawatt hours; and sales for 2008 were approximately 85 million megawatt hours. Sufficient financing of its current construction program is essential if the Company is to continue to be able to meet its obligations to the public to provide adequate and reliable electric service. The Company's electric plant construction expenditures (including expenditures for the acquisition of nuclear fuel) were \$2.2 billion for 2009 and \$2.6 billion for 2008. Further information is set forth in the Company's financial statements attached as exhibits to this Application.

The Company's plans include incurring significant capital expenditures for maintenance of its existing generation plants, and construction of new electric generation plants. During the period 2010 through 2011, the Company plans to invest approximately \$5.0 billion in its electric

plant. Adequate financing authority as applied for herein will allow the Company to access the capital markets to efficiently fund these necessary capital expenditures.

10. Purposes and Compatibility with Public Interest

The purposes of the issuance and sale of the Proposed Securities are lawful objects within the limits of the Company's authority and purposes under the applicable laws and regulations, and as set forth in its Limited Liability Company Operating Agreement, as amended, which is on file with this Commission. For the reasons set forth above, the issuance and sale of the Proposed Securities will be compatible with the public interest, will be necessary and appropriate for, and consistent with, the proper performance by the Company of its service to the public as a utility, will not impair its ability to perform that service, and will be reasonably necessary and appropriate for such purpose.

11. Financial Condition and Operating Reports

The financial condition of the Company and its results of operations are shown by the Company's Annual Reports to the Commission and by other records of the Commission relating to the Company.

12. Exhibits

Exhibits in support of the Application include:

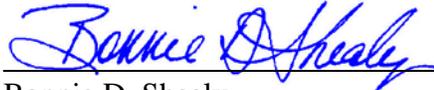
- | | |
|-------------|---|
| EXHIBIT A | Schedule of Outstanding First and Refunding Mortgage Bonds, Notes and Other Obligations of the Company as of September 30, 2009. |
| EXHIBIT B-1 | Copy of Senior Indenture of the Company to the Bank of New York, as Trustee, dated as of September 1, 1998. This exhibit is on file with the Commission in Docket No. 98-469-E. |
| EXHIBIT B-2 | Copy of Subordinated Indenture of the Company to the Bank of New York, as Trustee, dated December 1, 1997. This exhibit is on file with the Commission in Docket No. 97-475-E. |

- EXHIBIT C Copy of the Company's Limited Liability Company Operating Agreement dated as of April 3, 2006, as amended. This exhibit is on file with the Commission in Docket No. 2007-338-E.
- EXHIBIT D Annual Reports of the Company to the Commission and other records of the Commission relating to the Company. Reference is made to these reports and records on file with the Commission.
- EXHIBIT E Unconsolidated Balance Sheet of the Company at September 30, 2009, including pro forma effects of proposed issuance and sale.
- EXHIBIT F-1 Unconsolidated Statement of Income of the Company for the nine months ended September 30, 2009.
- EXHIBIT F-2 Unconsolidated Statement of Income of the Company for the twelve months ended December 31, 2008.
- EXHIBIT G Unconsolidated Statement of Cash Flows for the nine months ended September 30, 2009; and Statement of Retained Earnings of the Company for the nine months ended September 30, 2009.
- EXHIBIT H Unconsolidated Statement of Capitalization of the Company at September 30, 2009, including pro forma effects of proposed issuance and sale.

WHEREFORE, Duke Energy Carolinas respectfully prays that its request for approval to issue and sell securities, all in the manner herein set forth, be authorized and approved by this Commission.

This 8th day of February, 2010.

Robinson, McFadden & Moore, P.C.



Bonnie D. Shealy
1901 Main Street, Suite 1200
Post Office Box 944
Columbia, South Carolina 29202
(803) 779-8900

and

Robert T. Lucas III
Associate General Counsel and
Assistant Secretary
Duke Energy Carolinas, LLC
P.O. Box 1006/Mail Code EC03T
Charlotte, North Carolina 28201-1006
(704) 382-8152

Attorneys for Duke Energy Carolinas, LLC

**VERIFICATION
PURSUANT
TO
§ 58-27-1720**

The undersigned officers of Duke Energy Carolinas, LLC verify that this Application is in compliance with § 58-27-1720, South Carolina Code of Laws (1976 as amended).



Stephen G. De May
Senior Vice President, Investor Relations and
Treasurer



Robert T. Lucas III
Assistant Secretary

DUKE ENERGY CAROLINAS
UNCONSOLIDATED SCHEDULE OF OUTSTANDING FIRST AND REFUNDING MORTGAGE BONDS, NOTES AND OTHER OBLIGATIONS
September 30, 2009
(Dollars in Thousands)

EXHIBIT A
1 of 1

Description of Securities	Date of Issuance	Date of Maturity	Amount Outstanding	Authority for Issue	
				North Carolina	South Carolina
First and Refunding Mortgage Bonds					
8.950%	7/01/1991	7/01/2027	13,177	Docket No. B-209, Sub 31	Docket No. 91-284-E
4.500%	2/25/2003	4/01/2010	200,000	Docket No. E-7, Sub 720	Docket No. 2002-359-E
5.300%	3/21/2003	10/01/2015	500,000	Docket No. E-7, Sub 727	Docket No. 2003-183-E
5.250%	1/07/2008	1/15/2018	400,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
6.000%	1/07/2008	1/15/2038	500,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
5.100%	4/14/2008	4/15/2018	300,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
6.050%	4/14/2008	4/15/2038	600,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
5.750%	11/17/2008	11/15/2013	400,000	Docket No. E-7, Sub 862	Docket No. 2007-338-E
7.000%	11/17/2008	11/15/2018	<u>500,000</u>	Docket No. E-7, Sub 862	Docket No. 2007-338-E
Subtotal			3,413,177		
Other Obligations					
Series 1990 York County	5/23/1990	8/01/2014	40,000	Docket No. E-7, Sub 465	Docket No. 90-335-E
Series 1993 Oconee County	4/27/1993	2/01/2017	77,000	Docket No. E-7, Sub 520	Docket No. 93-161-E
Series 1999 Gaston County	10/28/1999	10/01/2012	20,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999A Oconee County	10/28/1999	2/01/2017	25,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 1999B Oconee County	10/28/1999	2/01/2017	10,000	Docket No. E-7, Sub 656	Docket No. 1999-394-E
Series 2006A NCCFFA	10/18/2006	10/01/2031	75,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2006B NCCFFA	10/18/2006	10/01/2031	75,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Series 2008A NCCFFA	4/18/2008	11/01/2040	50,000	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Series 2008B NCCFFA	4/18/2008	11/01/2040	<u>50,000</u>	Docket No. E-7, Sub 836	Docket No. 2007-338-E
Subtotal			422,000		
Senior Debt					
7.375%	3/10/2000	3/01/2010	300,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
6.000%	12/04/1998	12/01/2028	300,000	Docket No. E-7, Sub 631	Docket No. 98-469-E
6.250%	1/14/2002	1/15/2012	750,000	Docket No. E-7, Sub 691	Docket No. 2001-140-E
6.450%	10/08/2002	10/15/2032	350,000	Docket No. E-7, Sub 707	Docket No. 2002-88-E
5.625%	11/20/2002	11/30/2012	400,000	Docket No. E-7, Sub 720	Docket No. 2002-359-E
6.100%	6/05/2007	6/01/2037	500,000	Docket No. E-7, Sub 727	Docket No. 2003-184-E
9.21% -- NP&L	8/01/1998	2/01/2011	1,333	Docket No. E-7, Sub 727	Docket No. 2003-184-E
7.45% -- NP&L	8/03/1998	11/30/2012	6,133	Docket No. E-7, Sub 727	Docket No. 2003-184-E
6.9% -- NP&L	6/30/1998	12/30/2016	<u>18,667</u>	Docket No. E-7, Sub 727	Docket No. 2003-184-E
Subtotal			2,626,133		
MoneyPool			300,000		
Unamortized Debt Discount and Premium, Net			(10,730)		
Other-Long Term Debt			<u>323,095</u>		
Current Maturities of Long-Term Debt			(509,193)		
Non-Current Portion of Long-Term Debt			6,564,482		

Note

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED BALANCE SHEETS
September 30, 2009
(Dollars in Thousands)

ASSETS	<u>Actual</u>	<u>Proforma Adjustments</u>	<u>Proforma</u>
CURRENT ASSETS			
Cash	\$ 26,720		\$ 26,720
Short-term investments	-		-
Receivables	1,193,093		1,193,093
Less allowances for losses	(8,570)		(8,570)
Receivables, net	1,184,523		1,184,523
Inventory - at average cost	842,828		842,828
Current maturity of deferred debits	77,435		77,435
Prepayments and other	367,434		367,434
Total current assets	<u>2,498,940</u>		<u>2,498,940</u>
INVESTMENTS AND OTHER ASSETS			
Investments in and advances to subsidiaries and affiliates. . . .	11,555		11,555
Other investments, at cost or less	88,874		88,874
Nuclear decommissioning trust funds	1,708,187		1,708,187
Total investments and other assets	<u>1,808,616</u>		<u>1,808,616</u>
PROPERTY, PLANT AND EQUIPMENT			
Electric plant in service (at original cost)			
Production	22,343,461		22,343,461
Other	2,650,168		2,650,168
Electric plant in service	24,993,629		24,993,629
Accumulated depreciation and amortization	(9,996,967)		(9,996,967)
Electric plant in service, net	14,996,662		14,996,662
Nuclear fuel	934,181		934,181
Accumulated amortization	(605,273)		(605,273)
Nuclear fuel, net	328,908		328,908
Construction work in progress	2,726,337	\$ 2,087,067 (A)	4,813,404
Nuclear Fuel in process	159,027		159,027
Total construction work in progress	2,885,364		2,885,364
Total electric plant, net	18,210,934	2,087,067	20,298,001
Other property - at cost	115,805		115,805
Accumulated depreciation	(14,569)		(14,569)
Total other property, net - at cost	101,236		101,236
Total property, plant and equipment, net	<u>18,312,170</u>	<u>2,087,067</u>	<u>20,399,237</u>
DEFERRED DEBITS			
Debt expense, primarily refinancing costs, being amortized over the terms of related debt	176,733		176,733
Regulatory asset related to income taxes	498,845		498,845
Injuries & Damages Insurance Receivable	962,414		962,414
Other	1,022,887		1,022,887
Total deferred debits	<u>2,660,879</u>		<u>2,660,879</u>
TOTAL ASSETS	<u>\$ 25,280,605</u>	<u>\$ 2,087,067</u>	<u>\$ 27,367,672</u>

Notes

(A) Balance of debt-issuance proceeds will be used to retire current maturities of long-term debt and debt maturing in 2010 and 2011 and to fund construction work-in-progress.
Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED BALANCE SHEETS
September 30, 2009
(Dollars in Thousands)

	<u>Actual</u>	<u>Proforma Adjustments</u>	<u>Proforma</u>
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 564,579		\$ 564,579
Notes payable	-		-
Taxes accrued	154,821		154,821
Interest accrued	140,510		140,510
Current maturities of long-term debt and preferred stock	509,193	\$ (509,193)	-
Other	381,582		381,582
Total current liabilities	<u>1,750,684</u>	<u>(509,193)</u>	<u>1,241,491</u>
LONG-TERM DEBT	6,564,482	2,596,260 (B)	9,160,742
ACCUMULATED DEFERRED INCOME TAXES, NET	3,091,548		3,091,548
DEFERRED CREDITS AND OTHER LIABILITIES			
Investment tax credit	112,498		112,498
Nuclear Decommissioning costs externally funded	280,034		280,034
Asset Retirement Obligation	2,637,886		2,637,886
Other	2,696,731		2,696,731
Total deferred credits and other liabilities	<u>5,727,149</u>		<u>5,727,149</u>
MEMBERS' EQUITY			
Accumulated Other Comprehensive Income	(33,185)		(33,185)
Retained earnings/Paid-In Capital	8,179,926		8,179,926
Total members' equity	<u>8,146,741</u>		<u>8,146,741</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 25,280,605</u>	<u>\$ 2,087,067</u>	<u>\$ 27,367,672</u>

Notes

(B) The net increase in long-term debt includes \$750 million of First Mortgage Bonds issued by Duke Energy Carolinas in November 2009 pursuant to authority granted in Docket No. E-7, Sub 862 and Docket No. 2007-338-E, offset by the repurchase in November 2009 of \$150 million of tax-exempt bonds, series 2006A and 2006B, and the proforma effects of the requested \$2.0 billion financing authority.

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED INCOME STATEMENT
Nine Months Ending September 30, 2009
(Dollars in Thousands)

EXHIBIT F-1
1 of 1

Description	Actual
Electric Revenues	\$ 4,179,823
Electric Expenses	
Operation	
Fuel Used in Electric Generation	1,103,453
Purchased Power	130,794
Other Operation	752,631
Maintenance	385,381
Deprec & Amort	500,095
Taxes	
General	251,865
Federal Income	(179,492)
State Income	(28,429)
Provision for Deferred Income	517,348
ITC	(5,849)
Total Electric Expenses	3,427,797
Electric Operating Income	752,026
Other Income	
Allow for Other Funds During Construction	89,395
Earnings of Subsidiaries	-
Other Dividends and Interest	5,092
Other-Net	(8,963)
Other Income Deductions	(7,956)
Income Taxes-Non-Utility	15,145
Prov for Deferred Inc Tax (Non-Util)	(24,201)
Total Other Income, Net	68,512
Gross Income	820,538
Interest Deductions	
Interest on Long-Term Debt	277,386
Allow for Borrowed Funds During Construction	(46,438)
Other Interest	498
Amortization of Debt Discount & Expense	11,282
Total Interest Deductions	242,728
Net Income	\$ 577,810

Note

This schedule represents the actual income statement for nine months. No proforma adjustments were calculated. Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED INCOME STATEMENT
Twelve Months Ending December 31, 2008
(Dollars in Thousands)

EXHIBIT F-2
1 of 1

Description	Actual
Electric Revenues	\$ 5,881,779
Electric Expenses	
Operation	
Fuel Used in Electric Generation	1,631,219
Purchased Power	254,272
Other Operation	1,045,670
Maintenance	573,728
Deprec & Amort	722,968
Taxes	
General	313,617
Federal Income	3,202
State Income	20,817
Provision for Deferred Income	363,394
ITC	(8,086)
Total Electric Expenses	4,920,801
Electric Operating Income	960,978
Other Income	
Allow for Other Funds During Construction	94,846
Earnings of Subsidiaries	(233)
Other Dividends and Interest	15,846
Other-Net	(7,560)
Other Income Deductions	(49,490)
Income Taxes-Non-Utility	22,200
Prov for Deferred Inc Tax (Non-Util)	(15,459)
Total Other Income, Net	60,150
Gross Income	1,021,128
Interest Deductions	
Interest on Long-Term Debt	349,713
Allow for Borrowed Funds During Construction	(45,579)
Other Interest	10,477
Amortization of Debt Discount & Expense	16,584
Total Interest Deductions	331,195
Net Income	\$ 689,935

Note

This schedule represents the actual income statement for twelve months.
No proforma adjustments were calculated.
Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ending September 30, 2009
(Dollars in Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 577,810
Adjustments to reconcile net income to net cash (used in) operating activities:	
Depreciation	509,396
Amortization including Nuclear Fuel	137,242
Deferred income taxes and investment tax credit(Net)	535,700
(Increase) Decrease in	
Receivables	70,112
Inventory	(179,978)
Increase (Decrease) in	
Accounts payable	(951)
Taxes accrued	35,333
Interest accrued and other liabilities	(7,803)
Allowance for equity funds used during construction	(89,395)
Earnings of affiliates	-
Other, net	(311,471)
	<hr/>
Total adjustments	698,185
	<hr/>
Net cash provided by (used in) operating activities	1,275,995
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Construction expenditures and other property additions	(1,486,289)
Investment in nuclear fuel	(113,641)
Investment in affiliates	(19,979)
Net change in investment securities	(19,468)
Other, net	18,348
	<hr/>
Net cash provided by (used in) investing activities	(1,621,029)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from the issuance of	
Long Term Debt	153,600
Short term Debt	-
Payments for the redemption of	
Long Term Debt	(355,813)
Short term Debt	-
Capital Contribution from Parent	250,000
Other	(543)
	<hr/>
Net cash provided by (used in) financing activities	47,245
	<hr/>
Net increase (decrease) in cash and cash equivalents	(297,789)
Cash and cash equivalents at beginning of period	324,509
Cash and cash equivalents at end of period	\$ 26,720
	<hr/> <hr/>

Note

This schedule represents actual cash flows for nine months. No proforma adjustments were calculated.

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
STATEMENT OF RETAINED EARNINGS
Nine Months Ending September 30, 2009
(Dollars in Thousands)

BALANCE - December 31, 2008.....	\$ 7,348,698
ADD - Net income	577,810
- Capital Contribution from Parent	250,000
- Equitization of Intercompany Payables	3,418
Total	<u>8,179,926</u>
BALANCE - September 30, 2009	<u>\$ 8,179,926</u>

Note

Detail amounts may not add to totals shown due to rounding.

DUKE ENERGY CAROLINAS
UNCONSOLIDATED STATEMENTS OF CAPITALIZATION
Nine Months Ending September 30, 2009
(Dollars in Thousands)

	September 30 2009	Percent of Total	Proforma	Proforma Amount	Percent of Total
MEMBERS' EQUITY					
Accumulated Other Comprehensive Income	\$ (33,185)			\$ (33,185)	
Members' Equity	8,179,926		- (A)	8,179,926	
Total members' equity	8,146,741	55.4		8,146,741	47.1
LONG-TERM DEBT (A)					
	Rate	Year Due			
First and refunding mortgage bonds	4.50%	2010	200,000	\$ (200,000) (B)	-
	5.75%	2013	400,000		400,000
	5.30%	2015	500,000		500,000
	5.25%	2018	400,000		400,000
	5.10%	2018	300,000		300,000
	7.00%	2018	500,000		500,000
	6.00%	2038	500,000		500,000
	6.05%	2038	600,000		600,000
	8.95%	2027	13,177		13,177
	5.30%	2040		750,000 (C)	750,000
				2,000,000 (D)	2,000,000
Tax-exempt series, 1990	1.05%	2014	40,000		40,000
Tax-exempt series, 1993	3.60%	2017	77,000		77,000
Tax-exempt series, 1999	0.60%	2012	20,000		20,000
	0.50%	2017	25,000		25,000
	0.60%	2017	10,000		10,000
Tax-exempt series, 2006	0.55%	2031	75,000	(75,000) (C)	-
	0.44%	2031	75,000	(75,000) (C)	-
Tax-exempt series, 2008	0.31%	2040	50,000		50,000
	0.47%	2040	50,000		50,000
Total mortgage and pollution control bonds			3,835,177	2,400,000	6,235,177
Senior Debt	7.375%	2010	300,000	(300,000) (B)	-
	5.625%	2012	400,000		400,000
	6.25%	2012	750,000		750,000
	6.10%	2037	500,000		500,000
	6.00%	2028	300,000		300,000
	6.45%	2032	350,000		350,000
	6.90%	2016	18,667	(7,000) (B)	11,667
	7.45%	2012	6,133	(4,600) (B)	1,533
	9.21%	2011	1,333	(1,333) (B)	-
Total senior debt			2,626,133	(312,933)	2,313,200
Capitalized leases			-		-
Other long-term debt instruments			623,095		623,095
Unamortized debt discount and premium, net			(10,730)		(10,730)
Current maturities of long-term debt			(509,193)	509,193	-
Total unconsolidated long-term debt			6,564,482	2,596,260	9,160,742
TOTAL CAPITALIZATION			\$ 14,711,223	\$ 2,596,260	\$ 17,307,483
			100.0		100.0

Notes:

(A) No proforma adjustments were calculated for Members' Equity (e.g. net income additions)

(B) Amounts reflect the maturity of long-term debt in 2009, 2010 and 2011.

(C) The increase in long-term debt includes \$750 million of First Mortgage Bonds issued by Duke Energy Carolinas in November 2009 pursuant to authority granted in Docket No. E-7, Sub 862 and Docket No. 2007-338-E, offset by the repurchase in November 2009 of \$150 million of tax-exempt bonds, series 2006A and 2006B.

(D) Represents the total amount of financing requested per this application.

Detail amounts may not add due to rounding.